

BENTLEY COMMUNITY SCHOOL DISTRICT

BURTON, MICHIGAN

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 31, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Bentley Community School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bentley Community School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 31, 2007 on our consideration of the Bentley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages II - VIII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bentley Community School District's basic financial statements. The additional information on pages 21 - 39 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf P.C.
LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Bentley Community School District's Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

District Wide Financial Statements: (Continued)

These two statements report the Bentley Community School District net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds and its private purpose trust funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal years ended June 30, 2007 and 2006:

| | <u>NET ASSETS SUMMARY</u> | |
|--|---------------------------|--------------------|
| | <u>2007</u> | <u>2006</u> |
| <u>ASSETS</u> | | |
| Current Assets | \$2,829,717 | \$3,768,457 |
| Non-Current Assets | <u>6,087,224</u> | <u>5,529,189</u> |
| <u>TOTAL ASSETS</u> | <u>\$8,916,941</u> | <u>\$9,297,646</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities | \$2,051,531 | \$2,436,630 |
| Long-Term Liabilities | <u>4,972,756</u> | <u>5,175,121</u> |
| Total Liabilities | <u>\$7,024,287</u> | <u>\$7,611,751</u> |
| <u>NET ASSETS</u> | | |
| Invested in Capital Assets - Net of Related Debt | 974,135 | 727,423 |
| Restricted - Debt Retirement | 159,636 | 180,549 |
| Restricted - Capital Projects | 457,046 | 112,556 |
| Unrestricted | <u>301,837</u> | <u>665,367</u> |
| Total Net Assets | <u>\$1,892,654</u> | <u>\$1,685,895</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$8,916,941</u> | <u>\$9,297,646</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2007 and 2006, the District wide results of operations were:

| | <u>2007</u> | <u>2006</u> |
|---|---------------------------|---------------------------|
| <u>REVENUES</u> | | |
| <u>General Revenues:</u> | | |
| Property Taxes Levied for General Operations | \$1,068,722 | \$1,012,447 |
| Property Taxes Levied for Debt Retirement | 327,753 | 274,951 |
| State of Michigan Unrestricted Foundation Aid | 5,709,781 | 5,587,275 |
| Other General Revenues | <u>147,482</u> | <u>297,756</u> |
| Total General Revenues | \$7,253,738 | \$7,172,429 |
| <u>Operating Grants:</u> | | |
| Federal | 557,673 | 511,725 |
| State of Michigan | 536,264 | 538,234 |
| Other Operating Grants | <u>13,188</u> | <u>16,007</u> |
| Total Operating Grants | \$1,107,125 | \$1,065,966 |
| <u>Charges for Services:</u> | | |
| Food Service | 143,740 | 155,300 |
| Athletics | 36,668 | 40,052 |
| Other Charges for Services | <u>182,366</u> | <u>130,278</u> |
| Total Charges for Services | \$362,774 | \$325,630 |
| Total Revenues | \$8,723,637 | \$8,564,025 |
| EXPENSES | | |
| Instruction & Instructional Support | 4,881,080 | 4,947,157 |
| Support Services | 2,743,914 | 2,973,074 |
| Food Service | 311,472 | 354,223 |
| Athletics | 274,136 | 274,331 |
| Interest on Long-Term Debt | 215,443 | 203,310 |
| Depreciation | <u>90,833</u> | <u>90,833</u> |
| Total Expenses | \$8,516,878 | \$8,842,928 |
| <u>(DECREASE) IN NET ASSETS</u> | \$206,759 | (\$278,903) |
| BEGINNING NET ASSETS | <u>1,685,895</u> | <u>1,964,798</u> |
| <u>ENDING NET ASSETS</u> | <u><u>\$1,892,654</u></u> | <u><u>\$1,685,895</u></u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2007, the District's Total Net Assets increased by \$206,759 to a total of \$1,892,654. The largest portion of the net assets is the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$246,712 during the year due to purchases of new capital assets and principal payments on related debt exceeding depreciation. The District's Unrestricted Net Assets decreased by \$363,530 during the year and the restricted portion of the net assets increased by \$323,577. The restricted Net Assets consist of the restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students. The significant change in unrestricted net assets was the general fund expenditures exceeding revenues.

Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$206,759. The total revenues increased by \$159,612 over last years amounts due to increases in property taxes levied as well as increased state aid and state and federal grant allocations. Expenditures decreased by \$326,050 primarily as a result of staffing adjustments, elimination of a bus lease payment and reduced transfers to other funds.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved general fund balance increased by \$115,275 during the year with the increase coming primarily in cash. Revenues increased by \$126,911, due to increases in property taxes, state aid and grant allocations. Expenditures and other financing uses decreased by \$154,593, primarily due to staffing adjustments, elimination of a bus lease and reduced transfers to other funds. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
- c. The District's non-homestead tax levy.

2. Per Student, Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Bentley Community School District foundation allowance was \$7,392 per student for the 2006-2007 school year.

3. Student Enrollment:

The District's student enrollment for the blended count of 2006-2007 was 946 students, an increase of 3 students from the prior year.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 17.7917 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2006-2007 fiscal year was \$1,068,141. An increase of \$87,437 from the prior year.

2004 Capital Projects Fund

The District's capital projects fund balance decreased by \$117,928. The primary source of revenue was interest revenue. Expenditures, which are restricted for construction projects, were \$125,598 for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Original & Final Budget %</u> | <u>Variance Actual & Final Budget %</u> |
|---------------------|------------------------|---------------------|------------------|---|---|
| Revenue | \$7,629,312 | \$7,981,271 | \$7,978,832 | 4.61% | 0.03 |
| Expenditures | 7,627,163 | 7,981,271 | 7,863,557 | 4.64% | 1.47 |
| <u>TOTAL</u> | <u>\$2,149</u> | <u>\$0</u> | <u>\$115,275</u> | | |

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Bentley Community School District amends its budget during the school year. The June, 2007 budget amendment was the final budget for the fiscal year. The variances between the original and final budget are due primarily to adjustments to unrestricted state aid and adjustments to various state and federal grants.

There were no significant variances between the actual revenues and the final amended budget.

The variances between the actual expenditures and the original and final amended budgets are a result of employee salary and benefit adjustments to state and federal grants.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

| | Principal Balance 7-1-06 | Additions | Deductions | Principal Balance 6-30-07 |
|-----------------------------|--------------------------------|--------------|------------------|---------------------------------|
| General Obligation Bonds | \$5,248,089 | \$0 | \$135,000 | \$5,113,089 |
| Retirement Incentive | 100,000 | 0 | 50,000 | 50,000 |
| Compensated Absences | 22,600 | 789 | 0 | 23,389 |
| <u>Total Long-Term Debt</u> | <u>\$5,370,689</u> | <u>\$789</u> | <u>\$185,000</u> | <u>\$5,186,478</u> |

B. Capital Assets

The district's net investment in capital assets increased by \$432,437 during the 2006-07 fiscal year. This can be summarized as follows:

| | Balance 7-1-06 | Additions | Deductions | Balance 6-30-07 |
|--------------------------------------|--------------------|------------------|------------|--------------------|
| Capital Assets | \$6,225,756 | \$540,000 | \$0 | \$6,765,756 |
| Less: Accumulated Depreciation | (4,926,647) | (107,563) | 0 | (5,034,210) |
| <u>Net Investment Capital Outlay</u> | <u>\$1,299,109</u> | <u>\$432,437</u> | <u>\$0</u> | <u>\$1,731,546</u> |

Significant additions was the purchase of buses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$7,392 per pupil for the 2007-08 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the final foundation allowance is known.

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease to 16.72% in 2007-08 from 17.74% in 2006-07. It is forecast, based on actuarial assumptions that increases will occur until 2012, when the largest bulk of the current "baby boomer" generation enters retirement.

BENTLEY COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

- * The Bentley Community School District 2007-2008 adopted budget is as follows:

| | |
|------------------------|------------------|
| REVENUE | \$7,922,581 |
| <u>EXPENDITURES</u> | <u>7,884,503</u> |
| <u>NET OVER BUDGET</u> | <u>\$38,078</u> |

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Bentley Community School District.

BENTLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>ASSETS</u> | |
| <u>CURRENT ASSETS</u> | |
| Cash and Cash Equivalents | \$1,646,552 |
| Investments | 6,756 |
| Accounts Receivable | 3,711 |
| Taxes Receivable | 1,798 |
| Due from Other Governmental Units | 1,105,458 |
| Inventory | 2,742 |
| Prepaid Expenses | 62,700 |
| Total Current Assets | <u>\$2,829,717</u> |
| <u>NON-CURRENT ASSETS</u> | |
| Construction in Progress | 4,355,678 |
| Capital Assets | 6,765,756 |
| Less: Accumulated Depreciation | <u>(5,034,210)</u> |
| Total Noncurrent Assets | <u>\$6,087,224</u> |
| <u>TOTAL ASSETS</u> | <u><u>\$8,916,941</u></u> |
| <u>LIABILITIES</u> | |
| <u>CURRENT LIABILITIES</u> | |
| Accounts Payable | \$309,921 |
| State Aid Anticipation Note Payable | 1,031,893 |
| Accrued Expenses | 127,444 |
| Salaries Payable | 362,617 |
| Deferred Revenue | 5,934 |
| Current Portion of Long-Term Obligations | <u>213,722</u> |
| Total Current Liabilities | <u>\$2,051,531</u> |
| <u>NON-CURRENT LIABILITIES</u> | |
| Noncurrent Portion of Long-Term Obligations | <u>4,972,756</u> |
| <u>TOTAL LIABILITIES</u> | <u>\$7,024,287</u> |
| <u>NET ASSETS</u> | |
| <u>NET ASSETS</u> | |
| Invested in Capital Assets, Net of Related Debt | 974,135 |
| Restricted for: | |
| Debt Retirement | 159,636 |
| Capital Projects | 457,046 |
| Unrestricted | <u>301,837</u> |
| Total Net Assets | <u>\$1,892,654</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u><u>\$8,916,941</u></u> |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| <u>FUNCTIONS/PROGRAMS</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue & Change in Net Assets</u> |
|---|--------------------|---------------------------------|---|---|
| | | <u>Charges For Services</u> | <u>Operating Grants and Contributions</u> | |
| Governmental Activities: | | | | |
| Instruction | \$4,881,080 | \$0 | \$880,677 | (\$4,000,403) |
| Support Services | 2,743,914 | 182,366 | 34,034 | (2,527,514) |
| Food Service | 311,472 | 143,740 | 192,414 | 24,682 |
| Athletics | 274,136 | 36,668 | 0 | (237,468) |
| Interest - Long-Term Obligations | 215,443 | 0 | 0 | (215,443) |
| Depreciation - Unallocated | 90,833 | 0 | 0 | (90,833) |
| <u>TOTALS</u> | <u>\$8,516,878</u> | <u>\$362,774</u> | <u>\$1,107,125</u> | <u>(\$7,046,979)</u> |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes, Levied for General Purposes | | | | 1,396,475 |
| State Aid | | | | 5,709,781 |
| Grants and Contributions Not Restricted to | | | | |
| Specific Programs | | | | 11,148 |
| Investment Earnings | | | | 59,922 |
| Miscellaneous | | | | 76,412 |
| Total General Revenues and Transfers | | | | <u>\$7,253,738</u> |
| Change in Net Assets | | | | \$206,759 |
| Net Assets - Beginning | | | | <u>1,685,895</u> |
| <u>Net Assets - Ending</u> | | | | <u>\$1,892,654</u> |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2007

| | General Fund | 2004 Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|---------------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$994,698 | \$343,997 | \$307,857 | \$1,646,552 |
| Investments | 6,756 | 0 | 0 | 6,756 |
| Accounts Receivable | 3,198 | 0 | 513 | 3,711 |
| Taxes Receivable | 1,613 | 0 | 185 | 1,798 |
| Due from Other Funds | 7,335 | 0 | 14,683 | 22,018 |
| Due from Other Governmental Units | 1,102,631 | 0 | 2,827 | 1,105,458 |
| Inventory | 0 | 0 | 2,742 | 2,742 |
| Prepaid Expenses | 62,700 | 0 | 0 | 62,700 |
| <u>TOTAL ASSETS</u> | <u>\$2,178,931</u> | <u>\$343,997</u> | <u>\$328,807</u> | <u>\$2,851,735</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$301,436 | \$0 | \$8,485 | \$309,921 |
| State Aid Anticipation Note Payable | 1,031,893 | 0 | 0 | 1,031,893 |
| Due to Other Funds | 2,173 | 15,602 | 4,243 | 22,018 |
| Accrued Expenses | 91,899 | 0 | 156 | 92,055 |
| Salaries Payable | 362,004 | 0 | 613 | 362,617 |
| Deferred Revenue | 5,934 | 0 | 0 | 5,934 |
| Total Liabilities | \$1,795,339 | \$15,602 | \$13,497 | \$1,824,438 |
| <u>FUND BALANCES</u> | | | | |
| Reserved For: | | | | |
| Debt Retirement | 0 | 0 | 159,636 | 159,636 |
| Capital Projects | 0 | 328,395 | 128,651 | 457,046 |
| Unreserved: | | | | |
| Undesignated, Reported In: | | | | |
| General Fund | 383,592 | 0 | 0 | 383,592 |
| Special Revenue Funds | 0 | 0 | 27,023 | 27,023 |
| Total Fund Balances | <u>\$383,592</u> | <u>\$328,395</u> | <u>\$315,310</u> | <u>\$1,027,297</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$2,178,931</u> | <u>\$343,997</u> | <u>\$328,807</u> | <u>\$2,851,735</u> |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2007

| | | |
|---|-------------|--------------------|
| Total Governmental Fund Balances: | | \$1,027,297 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$6,765,756 and the accumulated depreciation is \$5,034,210 | | 1,731,546 |
| Construction in Progress | | 4,355,678 |
| Accrued Interest on Long-Term Debt | | (35,389) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| Bonds Payable | \$5,113,089 | |
| Retirement Incentive | 50,000 | |
| Compensated Absences | 23,389 | |
| Total Long-Term Liabilities | | <u>(5,186,478)</u> |
| <u>TOTAL NET ASSETS -</u> | | |
| <u>GOVERNMENTAL ACTIVITIES</u> | | <u>\$1,892,654</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

| | General Fund | 2004 Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|-----------------|---------------------------------|--------------------------------|--------------------------------|
| <u>REVENUES</u> | | | | |
| Local Sources | \$1,196,737 | \$7,670 | \$544,721 | \$1,749,128 |
| State Sources | 6,212,903 | 0 | 33,142 | 6,246,045 |
| Federal Sources | 398,401 | 0 | 159,272 | 557,673 |
| Total Revenues | \$7,808,041 | \$7,670 | \$737,135 | \$8,552,846 |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Instruction | 4,931,080 | 0 | 0 | 4,931,080 |
| Student Services | 575,195 | 0 | 0 | 575,195 |
| Instructional Support | 83,895 | 0 | 0 | 83,895 |
| General Administration | 278,906 | 0 | 0 | 278,906 |
| School Administration | 653,047 | 0 | 0 | 653,047 |
| Business Administration | 130,403 | 0 | 0 | 130,403 |
| Operation & Maintenance of Plant | 612,343 | 0 | 0 | 612,343 |
| Transportation | 281,830 | 0 | 0 | 281,830 |
| Support Services - Other | 118,453 | 0 | 0 | 118,453 |
| Food Service and Athletics | 0 | 0 | 577,931 | 577,931 |
| Debt Retirement | 0 | 0 | 350,638 | 350,638 |
| Capital Outlay | 0 | 125,598 | 540,000 | 665,598 |
| Total Expenditures | \$7,665,152 | \$125,598 | \$1,468,569 | \$9,259,319 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | \$142,889 | (\$117,928) | (\$731,434) | (\$706,473) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers from (to) Other Funds | (198,405) | 0 | 198,405 | 0 |
| Other Transfers | 170,791 | 0 | 0 | 170,791 |
| Total Other Financing | | | | |
| Sources (Uses) | (\$27,614) | \$0 | \$198,405 | \$170,791 |
| Net Change in Fund Balance | \$115,275 | (\$117,928) | (\$533,029) | (\$535,682) |
| <u>FUND BALANCE - BEGINNING</u> | 268,317 | 446,323 | 848,339 | 1,562,979 |
| <u>FUND BALANCE - ENDING</u> | \$383,592 | \$328,395 | \$315,310 | \$1,027,297 |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| | |
|--|-------------|
| Total net change in fund balances - governmental funds | (\$535,682) |
|--|-------------|

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|---------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | 432,437 |
|--|---------|

| | |
|--------------------------|---------|
| Construction in Progress | 125,598 |
|--------------------------|---------|

| | |
|------------------------------|--------|
| Retirement Incentive Payment | 50,000 |
|------------------------------|--------|

| | |
|---|---------|
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds. | 135,000 |
|---|---------|

| | |
|---|-----|
| Change in accrued interest on long-term liabilities | 195 |
|---|-----|

| | |
|--|--------------|
| Decrease in accrued compensated absences | <u>(789)</u> |
|--|--------------|

| | |
|--|------------------|
| <u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u> | <u>\$206,759</u> |
|--|------------------|

BENTLEY COMMUNITY SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2007

| | Trust & Agency | Private Purpose Trusts | | Total |
|--|-------------------|------------------------|----------------|------------------|
| | | Non- Expendable | Expendable | |
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$126,855 | \$116,016 | \$3,694 | \$246,565 |
| <u>TOTAL ASSETS</u> | \$126,855 | \$116,016 | \$3,694 | \$246,565 |
| <u>LIABILITIES</u> | | | | |
| Due to Student Groups | 126,855 | 0 | 0 | 126,855 |
| <u>NET ASSETS - HELD IN TRUST FOR OTHERS</u> | <u>\$0</u> | <u>\$116,016</u> | <u>\$3,694</u> | <u>\$119,710</u> |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Private Purpose Trusts</u> | | |
|---|-------------------------------|-------------------|------------------|
| | <u>Non-</u> | <u>Expendable</u> | <u>Total</u> |
| <u>REVENUE</u> | <u>Expendable</u> | <u>Expendable</u> | |
| Interest | \$1,368 | \$27 | \$1,395 |
| Donations | 0 | 2,586 | 2,586 |
| Total Revenue | <u>\$1,368</u> | <u>\$2,613</u> | <u>\$3,981</u> |
| <u>EXPENDITURES</u> | | | |
| Scholarships | <u>1,500</u> | <u>4,600</u> | <u>6,100</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>(\$132)</u> | <u>(\$1,987)</u> | <u>(\$2,119)</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>116,148</u> | <u>5,681</u> | <u>121,829</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$116,016</u> | <u>\$3,694</u> | <u>\$119,710</u> |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
FIDUCIARY- NONEXPENDABLE TRUST FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

| | |
|--|------------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | |
| Interest Received | \$1,368 |
| Scholarships | <u>(1,500)</u> |
| <u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u> | (\$132) |
| <u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u> | <u>116,148</u> |
| <u>CASH AND CASH EQUIVALENTS - END OF YEAR</u> | <u>\$116,016</u> |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---------------------------------------|-------------------------|--------------------|-------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Local Sources | \$1,035,136 | \$1,203,395 | \$1,196,737 | (\$6,658) |
| State Sources | 6,088,402 | 6,214,478 | 6,212,903 | (1,575) |
| Federal Sources | 373,576 | 394,177 | 398,401 | 4,224 |
| Total Revenues | <u>\$7,497,114</u> | <u>\$7,812,050</u> | <u>\$7,808,041</u> | <u>(\$4,009)</u> |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Instruction | 4,789,983 | 4,991,891 | 4,931,080 | 60,811 |
| Student Services | 567,217 | 581,107 | 575,195 | 5,912 |
| Instructional Support | 59,897 | 86,478 | 83,895 | 2,583 |
| General Administration | 294,758 | 292,644 | 278,906 | 13,738 |
| School Administration | 646,439 | 659,002 | 653,047 | 5,955 |
| Business Administration | 86,000 | 131,239 | 130,403 | 836 |
| Operation & Maintenance of Plant | 578,693 | 631,870 | 612,343 | 19,527 |
| Transportation | 285,593 | 284,801 | 281,830 | 2,971 |
| Support Services - Other | 119,583 | 122,596 | 118,453 | 4,143 |
| Total Expenditures | <u>\$7,428,163</u> | <u>\$7,781,628</u> | <u>\$7,665,152</u> | <u>\$116,476</u> |
| Excess of Revenues Over Expenditures | <u>\$68,951</u> | <u>\$30,422</u> | <u>\$142,889</u> | <u>\$112,467</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | <u>(66,802)</u> | <u>(30,422)</u> | <u>(27,614)</u> | <u>2,808</u> |
| Net Change in Fund Balance | <u>\$2,149</u> | <u>\$0</u> | <u>\$115,275</u> | <u>\$115,275</u> |
| <u>FUND BALANCE - BEGINNING</u> | | | <u>268,317</u> | |
| <u>FUND BALANCE - ENDING</u> | | | <u><u>\$383,592</u></u> | |

See accompanying notes to the basic financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bentley Community School District conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

The Capital Projects Funds are used to account for the acquisition and construction of major facilities by the School District. The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

Expendable Trust Funds – The expendable trust funds consists of the following funds:

Chris Anderson Memorial Scholarship Fund – This fund is used to account for funds entrusted to the School District for scholarship awards.

Harry C. Hewig Fund – This fund is used to account for funds entrusted to the School District to provide short-term loans for professional staff development.

Nonexpendable Trust Fund – Sophia L. Waldbauer Scholarship Fund is a nonexpendable trust fund used to account for funds entrusted to the School District for scholarship awards.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> |
|----------------------------|--|
| Buildings and Improvements | 20 – 50 years |
| Furniture and Equipment | 5 – 10 years |
| Vehicles and Buses | 5 years |

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) COMPENSATED ABSENCES

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2007, the District had the following investments.

| Investment Type | Fair value | Weighted Average Maturity (Years) | Standard & Poor's Rating | Portfolio % |
|--|-------------------|--|---|------------------------|
| MILAF External Investment Pool - MIMAX | \$ 6,756 | 0.0027 | AAAm | 100.00% |
| Portfolio weighted average maturity | | <u>0.0027</u> | | |

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$1,080,812 of the District's bank balance of \$1,791,446 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

| | |
|---|---------------------|
| Deposits – Including Fiduciary Funds of \$246,565 | \$ 1,893,117 |
| Investments | <u>6,756</u> |
| <u>TOTAL</u> | <u>\$ 1,899,873</u> |

The above amounts are reported in the financial statements as follows:

| | |
|-----------------------------|---------------------|
| Cash – Agency Fund | \$ 246,565 |
| Cash – District Wide | 1,646,552 |
| Investments – District Wide | <u>6,756</u> |
| <u>TOTAL</u> | <u>\$ 1,899,873</u> |

5) PROPERTY TAXES

The School District levies winter and summer property taxes and various municipalities collect its property taxes and remit them to the District. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

6) RECEIVABLES

Receivables at June 30, 2007, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

| <u>GOVERNMENTAL ACTIVITIES</u> | <u>AMOUNT</u> |
|--------------------------------------|---------------------|
| State Aid | \$ 1,033,706 |
| Federal Grants | 24,638 |
| Other Grant Programs & Fees | 47,114 |
| <u>TOTAL GOVERNMENTAL ACTIVITIES</u> | <u>\$ 1,105,458</u> |

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2007 the School District had estimated claims payable of \$17,796 in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed \$1,000,000 at 3.68% per annum on August 18, 2006, from Citizens Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The note was repaid August 20, 2007.

| | <u>Balance</u> <u>July 1, 2006</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2007</u> |
|----------------|---------------------------------------|--------------------|--------------------|--|
| State Aid Note | <u>\$1,450,000</u> | <u>\$1,000,000</u> | <u>\$1,450,000</u> | <u>\$1,000,000</u> |

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

| | <u>Balance</u> <u>July 1, 2006</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2007</u> |
|--------------------------------|---------------------------------------|--------------------|-------------------|--|
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | |
| Buildings and Improvements | \$3,938,605 | \$0 | \$0 | \$3,938,605 |
| Land Improvements | 1,686,518 | 0 | 0 | 1,686,518 |
| Equipment and Furniture | 205,004 | 0 | 0 | 205,004 |
| Vehicles | 395,629 | 540,000 | 0 | 935,629 |
| Totals at Historical Cost | <u>\$6,225,756</u> | <u>\$540,000</u> | <u>\$0</u> | <u>\$6,765,756</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | (2,807,245) | (80,387) | 0 | (2,887,632) |
| Land Improvements | (1,571,416) | (13,493) | 0 | (1,584,909) |
| Equipment and Furniture | (161,103) | (6,242) | 0 | (167,345) |
| Vehicles | (386,883) | (7,441) | 0 | (394,324) |
| Total Accumulated Depreciation | <u>(\$4,926,647)</u> | <u>(\$107,563)</u> | <u>\$0</u> | <u>(\$5,034,210)</u> |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | |
| <u>CAPITAL ASSETS - NET</u> | <u>\$1,299,109</u> | <u>\$432,437</u> | <u>\$0</u> | <u>\$1,731,546</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

9) CAPITAL ASSETS (Continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

| | |
|---------------------------------------|-----------------------|
| Support Services | \$ 9,053 |
| Athletics | 7,677 |
| Unallocated | <u>90,833</u> |
| <u>TOTAL DEPRECIATION EXPENSE</u> | <u>\$ 107,563</u> |

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2007 were \$37,426 and the School District received a dividend refund of \$1,040.

11) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Bentley Community School District issued Durant Resolution Bonds on November 24, 1998 in the amount of \$149,883 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was \$123,089.

B) 2004 General Obligation School Building and Site Bonds

Bentley Community School District has issued General Obligation Bonds dated August 1, 2004 in the amount of \$4,600,000, for the purpose of remodeling, furnishing and equipping school buildings; acquiring, installing and equipping technology for school buildings; developing and improving sites; and erecting a multi-purpose room addition to Barhitte Elementary School. The bonds mature serially through May 1, 2030, at varying principal amounts. Interest rates on the bonds range from 3.40% to 4.75% per annum. The balance of the bonds at June 30, 2007, was \$4,485,000.

C) 2006 General Obligation School Building and Site Bonds

Bentley Community School District has issued School Bus Bonds dated June 28, 2006 in the amount of \$570,000. The bonds mature serially through May 1, 2013, at varying principal amounts. Interest rates on the bonds are 4.05% per annum. The balance of the bonds at June 30, 2007, was \$505,000.

D) Retirement Incentive

During the 2005-2006 school year, five teachers agreed to a retirement incentive plan. This plan will pay three installments of \$10,000 beginning July 1, 2006 and continue on each July 1st until paid. The balance at June 30, 2007 is \$50,000.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

11) GENERAL LONG-TERM DEBT (Continued)

E) Annual Principal Requirements

The annual principal requirements for all debts outstanding as of June 30, 2007 are as follows:

| | Bonds Payable | Interest | Total |
|--------------------|--------------------|--------------------|--------------------|
| June 30, 2008 | \$165,000 | \$212,337 | \$377,337 |
| June 30, 2009 | 191,602 | 209,245 | 400,847 |
| June 30, 2010 | 207,153 | 202,020 | 409,173 |
| June 30, 2011 | 282,022 | 218,686 | 500,708 |
| June 30, 2012 | 228,338 | 185,961 | 414,299 |
| June 30, 2013-2017 | 868,974 | 816,562 | 1,685,536 |
| June 30, 2018-2022 | 1,000,000 | 641,480 | 1,641,480 |
| June 30, 2023-2027 | 1,265,000 | 397,782 | 1,662,782 |
| June 30, 2028-2030 | 905,000 | 86,925 | 991,925 |
| <u>TOTAL</u> | <u>\$5,113,089</u> | <u>\$2,970,998</u> | <u>\$8,084,087</u> |

The payment dates of sick and longevity days payable is undeterminable. The interest expenditures on long-term obligations for the year ended June 30, 2007, was \$215,426.

F) Changes in General Long-Term Debt

| | Balance July 1, 2006 | Additions | Deductions | Balance June 30, 2007 | Amount Due in One Year |
|--|-------------------------|--------------|------------------|--------------------------|---------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Durant Bonds | \$123,089 | \$0 | \$0 | \$123,089 | \$0 |
| General Obligation Bonds | 5,125,000 | 0 | 135,000 | 4,990,000 | 165,000 |
| Retirement Incentive | 100,000 | 0 | 50,000 | 50,000 | 50,000 |
| Compensated Absences | 22,600 | 789 | 0 | 23,389 | 0 |
| <u>Total Governmental Activities</u> | <u>\$5,370,689</u> | <u>\$789</u> | <u>\$185,000</u> | <u>\$5,186,478</u> | <u>\$215,000</u> |

12) OPERATING LEASES

The District currently leases buses, and copier machines. The minimum monthly payments and maturity dates are as follows:

| | <u>MONTHLY PAYMENT</u> | <u>MATURITY DATE</u> |
|-----------------------|------------------------|----------------------|
| Xerox Lease – Copiers | \$3,072 | November, 2010 |

The future minimum payments are as follows:

| | |
|--------------|------------------|
| 2008 | \$ 36,861 |
| 2009 | 36,861 |
| 2010 | 15,359 |
| <u>TOTAL</u> | <u>\$ 89,081</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

13) INTERFUND ACTIVITY

Interfund balances at June 30, 2007 consisted of the following:

| DUE TO | DUE FROM | | | |
|---------------------|-----------------------|------------------------|-----------------------|------------------------|
| | General Fund | Debt Retirement | Capital Projects | Total |
| General Fund | \$0 | \$0 | \$2,173 | \$2,173 |
| Debt Retirement | 1,732 | 0 | 0 | 1,732 |
| Capital Projects | 5,603 | 12,510 | 0 | 18,113 |
| <u>TOTAL</u> | <u>\$7,335</u> | <u>\$12,510</u> | <u>\$2,173</u> | <u>\$22,018</u> |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

| TRANSFERS TO | TRANSFERS FROM |
|----------------------|------------------|
| | General Fund |
| Special Revenue Fund | <u>\$198,405</u> |

These transfers were made to subsidize the cost of services for athletics.

15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2007, 2006, and 2005 were \$798,830, \$735,503 and \$692,539, respectively.

BENTLEY COMMUNITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

15) DEFINED BENEFIT PENSION PLAN (Continued)

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

17) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

18) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs, principal of which are Title I the Special Education grants. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2007, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

19) SUBSEQUENT EVENTS

The District has approved borrowing \$1,000,000 at 3.68% on a State Aid Anticipation Note to meet cash flow needs for the 2007-2008 fiscal year. The Bonds will be issued August 20, 2007.

OTHER SUPPLEMENTAL
INFORMATION

BENTLEY COMMUNITY SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

| | Special Revenue Funds | Debt Retirement Funds | Capital Projects Funds | Total Other Governmental Funds |
|--|-----------------------------|-----------------------------|------------------------------|---|
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$30,195 | \$148,673 | \$128,989 | \$307,857 |
| Accounts Receivable | 513 | 0 | 0 | 513 |
| Taxes Receivable | 0 | 185 | 0 | 185 |
| Due from Other Funds | 0 | 12,510 | 2,173 | 14,683 |
| Due From Other Governmental Units | 2,827 | 0 | 0 | 2,827 |
| Inventory | 2,742 | 0 | 0 | 2,742 |
| Prepaid Expenses | 0 | 0 | 0 | 0 |
| <u>TOTAL ASSETS</u> | <u>\$36,277</u> | <u>\$161,368</u> | <u>\$131,162</u> | <u>\$328,807</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$8,485 | \$0 | \$0 | \$8,485 |
| Due to Other Funds | 0 | 1,732 | 2,511 | 4,243 |
| Accrued Expenses | 156 | 0 | 0 | 156 |
| Salaries Payable | 613 | 0 | 0 | 613 |
| Total Liabilities | \$9,254 | \$1,732 | \$2,511 | \$13,497 |
| <u>FUND BALANCES</u> | | | | |
| Unreserved | 27,023 | 0 | 0 | 27,023 |
| Reserved For: | | | | |
| Debt Retirement | 0 | 159,636 | 0 | 159,636 |
| Capital Projects | 0 | 0 | 128,651 | 128,651 |
| Total Fund Balances | \$27,023 | \$159,636 | \$128,651 | \$315,310 |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$36,277</u> | <u>\$161,368</u> | <u>\$131,162</u> | <u>\$328,807</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

| | Special Revenue Funds | Debt Retirement Funds | Capital Projects Funds | Total Other Governmental Funds |
|--|-----------------------------|-----------------------------|------------------------------|---|
| <u>REVENUES</u> | | | | |
| Local Sources | \$214,135 | \$329,725 | \$861 | \$544,721 |
| State Sources | 33,142 | 0 | 0 | 33,142 |
| Federal Sources | 159,272 | 0 | 0 | 159,272 |
| Total Revenues | <u>\$406,549</u> | <u>\$329,725</u> | <u>\$861</u> | <u>\$737,135</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers from Other Funds | 198,405 | 0 | 0 | 198,405 |
| Total Revenues & Other Financing Sources | <u>\$604,954</u> | <u>\$329,725</u> | <u>\$861</u> | <u>\$935,540</u> |
| <u>EXPENDITURES</u> | | | | |
| Special Revenue | 577,931 | 0 | 0 | 577,931 |
| Debt Retirement | 0 | 350,638 | 0 | 350,638 |
| Capital Projects | | | | |
| Capital Outlay | 0 | 0 | 540,000 | 540,000 |
| Total Expenditures | <u>\$577,931</u> | <u>\$350,638</u> | <u>\$540,000</u> | <u>\$1,468,569</u> |
| Net Change in Fund Balance | <u>\$27,023</u> | <u>(\$20,913)</u> | <u>(\$539,139)</u> | <u>(\$533,029)</u> |
| <u>NET ASSETS - BEGINNING</u> | <u>0</u> | <u>180,549</u> | <u>667,790</u> | <u>848,339</u> |
| <u>NET ASSETS - ENDING</u> | <u>\$27,023</u> | <u>\$159,636</u> | <u>\$128,651</u> | <u>\$315,310</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

| | Food Service | Athletic Activities | Total |
|---|-----------------|------------------------|-----------------|
| <u>ASSETS</u> | | | |
| Cash | \$28,539 | \$1,656 | \$30,195 |
| Accounts Receivable | 513 | 0 | 513 |
| Due From Other Governmental Units | 2,827 | 0 | 2,827 |
| Inventory | 2,742 | 0 | 2,742 |
| <u>TOTAL ASSETS</u> | <u>\$34,621</u> | <u>\$1,656</u> | <u>\$36,277</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$7,598 | \$887 | \$8,485 |
| Accrued Expenses | 0 | 156 | 156 |
| Salaries Payable | 0 | 613 | 613 |
| Total Liabilities | \$7,598 | \$1,656 | \$9,254 |
| <u>FUND BALANCE</u> | | | |
| Unrestricted | 27,023 | 0 | 27,023 |
| <u>TOTAL LIABILITIES AND FUND BALANCE</u> | <u>\$34,621</u> | <u>\$1,656</u> | <u>\$36,277</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Food Service</u> | <u>Athletic Activities</u> | <u>Total</u> |
|--|-------------------------|--------------------------------|------------------|
| <u>REVENUES</u> | | | |
| <u>Local Sources</u> | | | |
| Cafeteria Sales | \$143,740 | \$0 | \$143,740 |
| Athletic Activities | 0 | 36,668 | 36,668 |
| Interest | 352 | 56 | 408 |
| Other Local Sources | 1,989 | 31,330 | 33,319 |
| Total Local Sources | <u>\$146,081</u> | <u>\$68,054</u> | <u>\$214,135</u> |
| <u>State Sources</u> | | | |
| State Reimbursements | 33,142 | 0 | 33,142 |
| <u>Federal Sources</u> | | | |
| Federal Reimbursements | 144,196 | 0 | 144,196 |
| Commodities | 15,076 | 0 | 15,076 |
| Total Federal Sources | <u>\$159,272</u> | <u>\$0</u> | <u>\$159,272</u> |
| Total Revenues | <u>\$338,495</u> | <u>\$68,054</u> | <u>\$406,549</u> |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers from General Fund | 0 | 198,405 | 198,405 |
| Total Revenues and Other Financing Sources | <u>\$338,495</u> | <u>\$266,459</u> | <u>\$604,954</u> |
| <u>EXPENDITURES</u> | | | |
| Salaries - Professional | 0 | 25,500 | 25,500 |
| Salaries - Non-Professional | 81,529 | 113,109 | 194,638 |
| Insurances | 16,241 | 17,848 | 34,089 |
| Fica, Retirement, Etc. | 29,640 | 35,253 | 64,893 |
| Other Benefits | 3,979 | 977 | 4,956 |
| Purchased Services | 11,247 | 32,211 | 43,458 |
| Supplies and Materials | 165,379 | 18,558 | 183,937 |
| Capital Outlay | 2,160 | 3,463 | 5,623 |
| Other | 1,297 | 19,540 | 20,837 |
| Total Expenditures | <u>\$311,472</u> | <u>\$266,459</u> | <u>\$577,931</u> |
| <u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u> | <u>\$27,023</u> | <u>\$0</u> | <u>\$27,023</u> |
| <u>FUND BALANCE - BEGINNING OF YEAR</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FUND BALANCE - END OF YEAR</u> | <u>\$27,023</u> | <u>\$0</u> | <u>\$27,023</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

| | 2004 Debt | 2006 Debt | Total |
|---|------------------|----------------|------------------|
| <u>ASSETS</u> | | | |
| Cash | \$146,034 | \$2,639 | \$148,673 |
| Taxes Receivable | 135 | 50 | 185 |
| Due from Other Funds | 12,510 | 0 | 12,510 |
| <u>TOTAL ASSETS</u> | <u>\$158,679</u> | <u>\$2,689</u> | <u>\$161,368</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Funds | \$1,732 | \$0 | \$1,732 |
| <u>FUND BALANCE</u> | | | |
| Restricted - Debt Retirement | 156,947 | 2,689 | 159,636 |
| <u>TOTAL LIABILITIES AND FUND BALANCE</u> | <u>\$158,679</u> | <u>\$2,689</u> | <u>\$161,368</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2004</u> <u>Debt</u> | <u>2006</u> <u>Debt</u> | <u>Total</u> |
|--|----------------------------|----------------------------|-------------------|
| <u>REVENUES</u> | | | |
| <u>Local Sources</u> | | | |
| Property Taxes | \$239,359 | \$88,394 | \$327,753 |
| Interest | 1,516 | 456 | 1,972 |
| Total Local Sources | <u>\$240,875</u> | <u>\$88,850</u> | <u>\$329,725</u> |
| <u>EXPENDITURES</u> | | | |
| Principal | 70,000 | 65,000 | 135,000 |
| Interest | 194,265 | 21,161 | 215,426 |
| Other | 212 | 0 | 212 |
| Total Expenditures | <u>\$264,477</u> | <u>\$86,161</u> | <u>\$350,638</u> |
| <u>EXCESS REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u> | <u>(\$23,602)</u> | <u>\$2,689</u> | <u>(\$20,913)</u> |
| <u>FUND BALANCE - BEGINNING OF YEAR</u> | <u>\$180,549</u> | <u>\$0</u> | <u>\$180,549</u> |
| <u>FUND BALANCE - END OF YEAR</u> | <u>\$156,947</u> | <u>\$2,689</u> | <u>\$159,636</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

| | 2000 Sinking Capital Projects | 2006 Capital Projects | Total |
|---|--|-----------------------------|------------------|
| <u>ASSETS</u> | | | |
| Cash | \$113,755 | \$15,234 | \$128,989 |
| Due from Other Funds | 2,173 | 0 | 2,173 |
| <u>TOTAL ASSETS</u> | <u>\$115,928</u> | <u>\$15,234</u> | <u>\$131,162</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Funds | \$2,511 | \$0 | \$2,511 |
| <u>FUND BALANCE</u> | | | |
| Restricted - Capital Projects | 113,417 | 15,234 | 128,651 |
| <u>TOTAL LIABILITIES AND FUND BALANCE</u> | <u>\$115,928</u> | <u>\$15,234</u> | <u>\$131,162</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

| | 2000 Sinking Capital Projects | 2006 Capital Projects | Total |
|--|--|-----------------------------|--------------------|
| <u>REVENUES</u> | | | |
| <u>Local Sources</u> | | | |
| Interest | \$861 | \$0 | \$861 |
| <u>EXPENDITURES</u> | | | |
| Capital Outlay | <u>0</u> | <u>540,000</u> | <u>540,000</u> |
| <u>EXCESS REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u> | <u>\$861</u> | <u>(\$540,000)</u> | <u>(\$539,139)</u> |
| <u>FUND BALANCE - BEGINNING OF YEAR</u> | <u>\$112,556</u> | <u>\$555,234</u> | <u>\$667,790</u> |
| <u>FUND BALANCE - END OF YEAR</u> | <u>\$113,417</u> | <u>\$15,234</u> | <u>\$128,651</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2007

| | PRIVATE PURPOSE TRUSTS | | | AGENCY | TOTAL |
|--|--|--|---------------------|-------------------------|------------------|
| | Nonexpendable | Expendable | | | |
| | Trust - Sophia L. Waldbauer Scholarship Fund | Chris Anderson Memorial Scholarship Fund | Harry C. Hewig Fund | Student Activities Fund | |
| <u>ASSETS</u> | | | | | |
| Cash and Cash Equivalents | \$116,016 | \$927 | \$2,767 | \$126,855 | \$246,565 |
| <u>TOTAL ASSETS</u> | <u>\$116,016</u> | <u>\$927</u> | <u>\$2,767</u> | <u>\$126,855</u> | <u>\$246,565</u> |
| <u>LIABILITIES</u> | | | | | |
| Due to Student Groups | \$0 | \$0 | \$0 | \$126,855 | \$126,855 |
| <u>FUND EQUITY</u> | | | | | |
| Restricted for Scholarships | 99,228 | 0 | 0 | 0 | 99,228 |
| Unreserved | | | | | |
| Designated for Staff Education | 0 | 0 | 2,767 | 0 | 2,767 |
| Designated for Scholarships | 16,788 | 927 | 0 | 0 | 17,715 |
| Total Fund Equity | <u>\$116,016</u> | <u>\$927</u> | <u>\$2,767</u> | <u>\$0</u> | <u>\$119,710</u> |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$116,016</u> | <u>\$927</u> | <u>\$2,767</u> | <u>\$126,855</u> | <u>\$246,565</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

| | PRIVATE PURPOSE TRUSTS | | | |
|--|--|--|------------------------|-----------|
| | Nonexpendable | Expendable | | |
| | Trust - Sophia L. Waldbauer Scholarship Fund | Chris Anderson Memorial Scholarship Fund | Harry C. Hewig Fund | TOTAL |
| <u>REVENUE</u> | | | | |
| <u>Local Sources</u> | | | | |
| Interest on Investments | \$1,368 | \$5 | \$22 | \$1,395 |
| Donations | 0 | 0 | 2,586 | 2,586 |
| Total Revenue | \$1,368 | \$5 | \$2,608 | \$3,981 |
| <u>EXPENDITURES</u> | | | | |
| Scholarships | 1,500 | 0 | 4,600 | 6,100 |
| <u>EXCESS REVENUES OVER</u> <u>EXPENDITURES</u> | (\$132) | \$5 | (\$1,992) | (\$2,119) |
| <u>FUND BALANCE - BEGINNING OF YEAR</u> | 116,148 | 922 | 4,759 | 121,829 |
| <u>FUND BALANCE - END OF YEAR</u> | \$116,016 | \$927 | \$2,767 | \$119,710 |

INDIVIDUAL FUND SCHEDULES

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2007

REVENUESLocal Sources:

| | |
|-------------------------|--------------------|
| Property Tax Levy | \$1,068,722 |
| Tuition | 11,575 |
| Medicaid | 13,188 |
| Earnings on Investments | 49,011 |
| Donations | 11,148 |
| Other Local Revenue | 43,093 |
| Total Local Sources | <u>\$1,196,737</u> |

State Sources:

| | |
|---------------------|--------------------|
| State Aid | 5,709,781 |
| At Risk | 129,272 |
| Special Education | 261,636 |
| Durant | 20,846 |
| MI School Readiness | 36,300 |
| Other State Grant | 55,068 |
| Total State Sources | <u>\$6,212,903</u> |

Federal Sources:

| | |
|---------------------------|--------------------|
| I.D.E.A. | 224,774 |
| Improving Teacher Quality | 56,813 |
| Other Grants from ISD | 4,305 |
| Medicaid | 4,215 |
| Technology Literacy | 1,050 |
| Other Federal Grants | 4,729 |
| Title I | 102,323 |
| Title V | 192 |
| Total Federal Sources | <u>\$398,401</u> |
| Total Revenues | <u>\$7,808,041</u> |

OTHER FINANCING SOURCES

| | |
|---|------------------|
| Transfers from Other Governmental Units | 104,664 |
| County Special Education Tax | 66,127 |
| Total Other Financing Sources | <u>\$170,791</u> |

TOTAL REVENUES AND OTHER FINANCING SOURCES

\$7,978,832

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTIONBASIC PROGRAMSElementary

| | |
|-----------------------------|--------------------|
| Salaries - Professional | \$773,234 |
| Salaries - Non-Professional | 37,562 |
| Insurances | 178,870 |
| Fica, Retirement, Etc. | 206,794 |
| Other Benefits | 19,756 |
| Purchased Services | 13,084 |
| Supplies & Materials | 18,657 |
| Capital Outlay | 1,663 |
| Other | 220 |
| Total Elementary | <u>\$1,249,840</u> |

Junior High School

| | |
|-----------------------------|--------------------|
| Salaries - Professional | 864,242 |
| Salaries - Non-Professional | 27,179 |
| Insurances | 187,875 |
| Fica, Retirement, Etc. | 228,834 |
| Other Benefits | 38,705 |
| Purchased Services | 15,757 |
| Supplies & Materials | 6,882 |
| Other | 375 |
| Total Junior High School | <u>\$1,369,849</u> |

High School

| | |
|-----------------------------|--------------------|
| Salaries - Professional | 719,033 |
| Salaries - Non-Professional | 55,815 |
| Insurances | 199,817 |
| Fica, Retirement, Etc. | 198,776 |
| Other Benefits | 24,087 |
| Purchased Services | 34,405 |
| Supplies & Materials | 29,201 |
| Capital Outlay | 5,877 |
| Other | 375 |
| Total High School | <u>\$1,267,386</u> |

Preschool

| | |
|-----------------------------|-----------------|
| Salaries - Professional | 16,855 |
| Salaries - Non-Professional | 8,764 |
| Insurances | 4,517 |
| Fica, Retirement, Etc. | 6,389 |
| Other Benefits | 191 |
| Purchased Services | 419 |
| Supplies & Materials | 1,589 |
| Other | 275 |
| Total Preschool | <u>\$38,999</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

| | |
|-----------------------------------|----------------------|
| <u>INSTRUCTION (Continued)</u> | |
| <u>BASIC PROGRAMS (Continued)</u> | |
| <u>Summer School</u> | |
| Salaries - Professional | \$8,750 |
| Fica, Retirement, Etc. | 2,151 |
| Total Summer School | <u>\$10,901</u> |
| <u>Total Basic Programs</u> | \$3,936,975 |
| <u>ADDED NEEDS</u> | |
| <u>Special Education</u> | |
| Salaries - Professional | 463,511 |
| Salaries - Non-Professional | 65,065 |
| Insurances | 122,521 |
| Fica, Retirement, Etc. | 132,557 |
| Other Benefits | 4,637 |
| Purchased Services | 894 |
| Supplies & Materials | 17,100 |
| Other | 71,973 |
| Total Special Education | <u>\$878,258</u> |
| <u>Compensatory Education</u> | |
| Salaries - Professional | 48,493 |
| Salaries - Non-Professional | 30,745 |
| Insurances | 15,573 |
| Fica, Retirement, Etc. | 19,147 |
| Other Benefits | 351 |
| Supplies & Materials | 1,538 |
| Total Compensatory Education | <u>\$115,847</u> |
| <u>Total Added Needs</u> | <u>\$994,105</u> |
| Total Instruction | \$4,931,080 |
| <u>SUPPORT SERVICES</u> | |
| <u>Student Services</u> | |
| Salaries - Professional | 326,261 |
| Salaries - Non-Professional | 36,683 |
| Insurances | 87,091 |
| Fica, Retirement, Etc. | 92,793 |
| Other Benefits | 3,709 |
| Purchased Services | 24,442 |
| Supplies & Materials | 3,589 |
| Other | 627 |
| Total Student Services | <u>\$575,195</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)

Instructional Staff

| | |
|-----------------------------|-----------------|
| Salaries - Non-Professional | \$48,165 |
| Fica, Retirement, Etc. | 12,273 |
| Other Benefits | 210 |
| Purchased Services | 10,602 |
| Supplies & Materials | 4,637 |
| Capital Outlay | 8,008 |
| Total Instructional Staff | <u>\$83,895</u> |

General Administration

| | |
|------------------------------|------------------|
| Salaries - Professional | 106,894 |
| Salaries - Non-Professional | 43,493 |
| Insurances | 19,084 |
| Fica, Retirement, Etc. | 37,092 |
| Other Benefits | 10,946 |
| Purchased Services | 44,283 |
| Supplies & Materials | 6,151 |
| Other | 10,963 |
| Total General Administration | <u>\$278,906</u> |

School Administration

| | |
|-----------------------------|------------------|
| Salaries - Professional | 262,132 |
| Salaries - Non-Professional | 147,445 |
| Insurances | 98,242 |
| Fica, Retirement, Etc. | 105,457 |
| Other Benefits | 23,991 |
| Purchased Services | 7,246 |
| Supplies & Materials | 6,186 |
| Other | 2,348 |
| Total School Administration | <u>\$653,047</u> |

Business Administration

| | |
|-------------------------------|------------------|
| Fica, Retirement, Etc. | 6,558 |
| Purchased Services | 80,393 |
| Other | 43,452 |
| Total Business Administration | <u>\$130,403</u> |

Operation & Maintenance of Plant

| | |
|-------------------------------|------------------|
| Salaries - Professional | 12,750 |
| Salaries - Non-Professional | 166,151 |
| Insurances | 25,393 |
| Fica, Retirement, Etc. | 50,146 |
| Other Benefits | 9,964 |
| Purchased Services | 102,523 |
| Supplies & Materials | 243,316 |
| Capital Outlay | 2,100 |
| Total Operation & Maintenance | <u>\$612,343</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)Transportation Services

| | |
|-------------------------------|------------------|
| Salaries - Professional | \$12,750 |
| Salaries - Non-Professional | 77,333 |
| Insurances | 67,307 |
| Fica, Retirement, Etc. | 25,445 |
| Other Benefits | 1,061 |
| Purchased Services | 46,603 |
| Supplies & Materials | 43,122 |
| Capital Outlay | 7,982 |
| Other | 227 |
| Total Transportation Services | <u>\$281,830</u> |

Other Support Services

| | |
|------------------------------|------------------|
| Salaries - Non-Professional | 20,500 |
| Fica, Retirement, Etc. | 5,205 |
| Purchased Services | 77,750 |
| Supplies & Materials | 6,809 |
| Capital Outlay | 1,611 |
| Other | 6,578 |
| Total Other Support Services | <u>\$118,453</u> |

| | |
|------------------------|--------------------|
| Total Support Services | <u>\$2,734,072</u> |
|------------------------|--------------------|

| | |
|---------------------------|-------------|
| <u>Total Expenditures</u> | \$7,665,152 |
|---------------------------|-------------|

OTHER FINANCING USES

| | |
|--------------------------|----------------|
| Transfers to Other Funds | <u>198,405</u> |
|--------------------------|----------------|

TOTAL EXPENDITURES AND
OTHER FINANCING USES

\$7,863,557

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -
STUDENT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| STUDENT ACTIVITY | Due to (From) Student Groups July 1, 2006 | Receipts | Disbursements | Due to (From) Student Groups June 30, 2007 |
|--------------------------------|---|------------------|------------------|--|
| Adopt-A-Wall | \$21 | \$0 | \$0 | \$21 |
| Art Fees - Sr. High | 636 | 1,898 | 1,795 | 739 |
| Athletic Office | 6,338 | 3,926 | 4,943 | 5,321 |
| Athletic Resale | 1,181 | 0 | 0 | 1,181 |
| Band Account | 1,303 | 10,493 | 10,386 | 1,410 |
| Barhitte Activities | 8,093 | 17,134 | 16,052 | 9,175 |
| Barhitte Library | 535 | 128 | 0 | 663 |
| Barhitte Office | 10,922 | 14,836 | 16,159 | 9,599 |
| Barhitte Rooms | 0 | 4,708 | 1,253 | 3,455 |
| Barhitte Scholarship | 300 | 0 | 300 | 0 |
| Barhitte Trip | 2,912 | 12,436 | 11,990 | 3,358 |
| Baseball - Sr High | 197 | 1,501 | 1,295 | 403 |
| Basketball - Boys Varsity | 43 | 4,065 | 3,059 | 1,049 |
| Basketball - Girls | 7,573 | 31,905 | 21,938 | 17,540 |
| Basketball - Girls - 7th & 8th | 821 | 0 | 0 | 821 |
| Bentley Skeet Club | 1,127 | 1,215 | 1,520 | 822 |
| Book Club - HS | 0 | 61 | 0 | 61 |
| Booster Fund Raiser - JH | 692 | 0 | 0 | 692 |
| Boosters Group - HS | 0 | 7,251 | 2,445 | 4,806 |
| Boosters Group - JH | 0 | 4,638 | 467 | 4,171 |
| Cedar Point Trip | 228 | 8,031 | 8,069 | 190 |
| Cheerleaders - Jr High | (919) | 1,424 | 505 | 0 |
| Cheerleaders - JV | 170 | 0 | 100 | 70 |
| Cheerleaders - Varsity | 236 | 888 | 200 | 924 |
| Class of 1996 | 802 | 0 | 802 | 0 |
| Class of 2001 | 1,642 | 0 | 1,642 | 0 |
| Class of 2002 | 664 | 0 | 664 | 0 |
| Class of 2003 | (410) | 410 | 0 | 0 |
| Class of 2004 | (144) | 144 | 0 | 0 |
| Class of 2005 | 1,938 | 0 | 1,938 | 0 |
| Class of 2006 | 456 | 0 | 456 | 0 |
| Class of 2007 | (370) | 4,637 | 4,267 | 0 |
| Class of 2008 | 769 | 14,141 | 14,377 | 533 |
| Class of 2009 | 538 | 2,491 | 1,250 | 1,779 |
| Class of 2010 | 221 | 1,675 | 532 | 1,364 |
| Class of 2011 | 0 | 200 | 0 | 200 |
| Close Up | (236) | 262 | 0 | 26 |
| Drama - Sr High | 6,787 | 10,458 | 9,609 | 7,636 |
| Environmental Club | 457 | 718 | 629 | 546 |
| Faculty - Jr. High | 4,233 | 2,379 | 1,801 | 4,811 |
| Field Trip - Jr. High | 887 | 0 | 66 | 821 |
| 5th Grade Student Acct - JH | 0 | 1,765 | 714 | 1,051 |
| French Club | 492 | 0 | 0 | 492 |
| <u>Subtotal</u> | <u>\$61,135</u> | <u>\$165,818</u> | <u>\$141,223</u> | <u>\$85,730</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -
STUDENT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| STUDENT ACTIVITY | Due to (From) Student Groups July 1, 2006 | Receipts | Disbursements | Due to (From) Student Groups June 30, 2007 |
|----------------------------|---|------------------|------------------|--|
| | | | | |
| Golf Account | \$795 | \$0 | \$150 | \$645 |
| Guidance - Sr. High | 39 | 0 | 0 | 39 |
| Honor Society - Sr. High | 462 | 2,621 | 2,328 | 755 |
| Honors Club - Jr. High | 3,173 | 3,641 | 3,952 | 2,862 |
| Jet League - Jr. High | 500 | 2,538 | 409 | 2,629 |
| Knights of Columbus | 1,178 | 131 | 0 | 1,309 |
| Library - Jr. High | 1,254 | 1,641 | 1,679 | 1,216 |
| Library - Sr. High | 655 | 0 | 0 | 655 |
| Office Acct - Sr. High | 8,202 | 5,920 | 4,887 | 9,235 |
| Pickler Scholarship | (500) | 1,000 | 500 | 0 |
| Power Lifting Club HS | 0 | 730 | 411 | 319 |
| PRIDE Account | 305 | 30 | 123 | 212 |
| Project GROW | 29 | 0 | 14 | 15 |
| Retirement | 49,800 | 0 | 49,800 | 0 |
| Sadd Club - Sr. High | (29) | 3,856 | 3,652 | 175 |
| School Store - Jr. High | 1,951 | 0 | 1,951 | 0 |
| School Supplies - Jr. High | 312 | 154 | 103 | 363 |
| Science Club - Sr. High | 1,573 | 2,925 | 2,747 | 1,751 |
| Skip Atherton/Bentley | 210 | 102 | 126 | 186 |
| Sloan Grant | 604 | 0 | 0 | 604 |
| Softball Account | 404 | 1,264 | 1,582 | 86 |
| Sports Club - Sr. High | 1,333 | 18,220 | 17,879 | 1,674 |
| Student Council - Sr. High | 2,663 | 3,986 | 5,379 | 1,270 |
| Student Govt - Jr. High | (451) | 1,951 | 0 | 1,500 |
| Suspense | (6,613) | 9,613 | 3,000 | 0 |
| T & A Interest | 0 | 3,839 | 1,953 | 1,886 |
| T/A Account - Jr. High | 10,508 | 4,660 | 6,858 | 8,310 |
| Track Club - Sr. High | 1,663 | 3,118 | 3,643 | 1,138 |
| Volleyball Account | 3,441 | 2,393 | 5,319 | 515 |
| Wrestling - Jr. High | 182 | 0 | 0 | 182 |
| Wrestling - Sr. High | 530 | 1,606 | 2,136 | 0 |
| Yearbook - Sr. High | (1,842) | 16,747 | 14,449 | 456 |
| Young Readers Book Club | 7,131 | 1,883 | 7,876 | 1,138 |
| TOTALS | \$150,597 | \$260,387 | \$284,129 | \$126,855 |

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - November 24, 1998 Original amount of issue - \$208,460

1998 DURANT RESOLUTION PACKAGE BONDS

| <u>PAYMENT DATE - MAY 15TH</u> | <u>INTEREST REQUIREMENT</u> | <u>INTEREST RATE</u> | <u>PRINCIPAL REQUIREMENT</u> | <u>TOTAL REQUIREMENT</u> |
|--------------------------------|---------------------------------|--------------------------|----------------------------------|------------------------------|
| 2008 | \$20,358 | 4.761353% | \$48,722 | \$69,080 |
| 2009 | 3,038 | 4.761353% | 11,602 | 14,640 |
| 2010 | 2,485 | 4.761353% | 12,153 | 14,638 |
| 2011 | 1,907 | 4.761353% | 12,732 | 14,639 |
| 2012 | 1,300 | 4.761353% | 13,338 | 14,638 |
| 2013 | 665 | 4.761353% | 13,974 | 14,639 |
| <u>TOTAL</u> | <u>\$29,753</u> | | <u>\$112,521</u> | <u>\$142,274</u> |

DATE OF ISSUE - August 1, 2004 Original amount of issue - \$4,600,000

2004 SCHOOL BUILDING AND SITE BONDS

| <u>PAYMENT DATE</u> | <u>INTEREST AMOUNT NOVEMBER 1</u> | <u>INTEREST AMOUNT MAY 1</u> | <u>RATE</u> | <u>PRINCIPAL REQUIREMENT</u> | <u>TOTAL REQUIREMENT</u> |
|---------------------|---|--------------------------------------|-------------|----------------------------------|------------------------------|
| 2007-2008 | \$95,942 | \$95,943 | 3.400% | \$85,000 | \$276,885 |
| 2008-2009 | 94,498 | 94,497 | 3.400% | 95,000 | 283,995 |
| 2009-2010 | 92,883 | 92,882 | 3.400% | 110,000 | 295,765 |
| 2010-2011 | 91,013 | 91,012 | 3.400% | 125,000 | 307,025 |
| 2011-2012 | 88,888 | 88,887 | 3.450% | 130,000 | 307,775 |
| 2012-2013 | 86,645 | 86,645 | 3.500% | 140,000 | 313,290 |
| 2013-2014 | 84,160 | 84,160 | 3.700% | 145,000 | 313,320 |
| 2014-2015 | 81,478 | 81,477 | 3.800% | 155,000 | 317,955 |
| 2015-2016 | 78,532 | 78,533 | 3.900% | 160,000 | 317,065 |
| 2016-2017 | 75,412 | 75,413 | 4.000% | 170,000 | 320,825 |
| 2017-2018 | 72,013 | 72,012 | 4.050% | 180,000 | 324,025 |
| 2018-2019 | 68,367 | 68,368 | 4.150% | 190,000 | 326,735 |
| 2019-2020 | 64,425 | 64,425 | 4.200% | 200,000 | 328,850 |
| 2020-2021 | 60,225 | 60,225 | 4.300% | 210,000 | 330,450 |
| 2021-2022 | 55,710 | 55,710 | 4.400% | 220,000 | 331,420 |
| 2022-2023 | 50,870 | 50,870 | 4.500% | 230,000 | 331,740 |
| 2023-2024 | 45,695 | 45,695 | 4.650% | 240,000 | 331,390 |
| 2024-2025 | 40,115 | 40,115 | 4.650% | 255,000 | 335,230 |
| 2025-2026 | 34,186 | 34,186 | 4.650% | 265,000 | 333,372 |
| 2026-2027 | 28,025 | 28,025 | 4.750% | 275,000 | 331,050 |
| 2027-2028 | 21,494 | 21,494 | 4.750% | 290,000 | 332,988 |
| 2028-2029 | 14,606 | 14,606 | 4.750% | 305,000 | 334,212 |
| 2029-2030 | 7,362 | 7,363 | 4.750% | 310,000 | 324,725 |
| <u>TOTAL</u> | <u>\$1,432,544</u> | <u>\$1,432,543</u> | | <u>\$4,485,000</u> | <u>\$7,350,087</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - June 28, 2006

Original amount of issue - \$570,000

2006 SCHOOL BUS BONDS

| <u>PAYMENT DATE</u> | <u>INTEREST AMOUNT NOVEMBER 1</u> | <u>INTEREST AMOUNT MAY 1</u> | <u>RATE</u> | <u>PRINCIPAL REQUIREMENT</u> | <u>TOTAL REQUIREMENT</u> |
|---------------------|---|--------------------------------------|-------------|----------------------------------|------------------------------|
| 2007-2008 | \$10,226 | \$10,226 | 4.050% | \$80,000 | \$100,452 |
| 2008-2009 | 8,606 | 8,606 | 4.050% | 85,000 | 102,212 |
| 2009-2010 | 6,885 | 6,885 | 4.050% | 85,000 | 98,770 |
| 2010-2011 | 5,164 | 5,164 | 4.050% | 85,000 | 95,328 |
| 2011-2012 | 3,443 | 3,443 | 4.050% | 85,000 | 91,886 |
| 2012-2013 | 1,721 | 1,721 | 4.050% | 85,000 | 88,442 |
| <u>TOTAL</u> | <u>\$36,045</u> | <u>\$36,045</u> | | <u>\$505,000</u> | <u>\$577,090</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT

BURTON, MICHIGAN

FEDERAL AWARDS
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

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October 31, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Bentley Community School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District, as of and for the year ended June 30, 2007, which collectively comprise the Bentley Community School District's basic financial statements and have issued our report thereon dated October 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bentley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bentley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bentley Community School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bentley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bentley Community School District's financial statements that is more than inconsequential will not be prevented or detected by the Bentley Community School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bentley Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bentley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Bentley Community School District
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October 31, 2007

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf PC
LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 31, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education of
Bentley Community School District

Compliance

We have audited the compliance of Bentley Community School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Bentley Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bentley Community School District's management. Our responsibility is to express an opinion on Bentley Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bentley Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bentley Community School District's compliance with those requirements.

In our opinion, Bentley Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Bentley Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bentley Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bentley Community School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Bentley Community School District
Page 2
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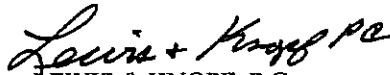
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bentley Community School District, as of and for the year ended June 30, 2007, and have issued our report thereon dated October 31, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bentley Community School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS- THROUGH PROJECT NUMBER | PROGRAM OR AWARD AMOUNT |
|---|---------------------------|---------------------------------------|-------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | |
| Passed Through Michigan Department of Education: | | | |
| Title I Grants to Local Education Agencies | 84.010 | | |
| Title I (06-07) | | 71530-0607 | \$102,323 |
| Title I (05-06) | | 61530-0506 | 102,323 |
| Total Title I Grants to Local Education Agencies | | | <u>\$204,646</u> |
| Special Education - Grants to States | 84.027 | | |
| Service Provider Self Review | | 70440-0607 | 4,000 |
| Innovative Education Program Strategies | 84.298 | | |
| IASA Title V - Improving America's Schools Act (06-07) | | 70250-0607 | 192 |
| IASA Title V - Improving America's Schools Act (05-06) | | 60250-0506 | 394 |
| Total Innovative Education Program Strategies | | | <u>\$586</u> |
| Technology Literacy Challenge | 84.318 | | |
| Technology Literacy Challenge (06-07) | | 74290-0607 | 1,050 |
| Technology Literacy Challenge (05-06) | | 64290-0506 | 1,909 |
| Total Technology Literacy Challenge | | | <u>\$2,959</u> |
| Class Size Reduction Program | 84.367 | | |
| Class Size Reduction Program (06-07) | | 70520-0607 | 55,148 |
| Class Size Reduction Program (05-06) | | 60520-0607 | 2,440 |
| Class Size Reduction Program (05-06) | | 60520-0506 | 55,167 |
| Total Class Size Reduction Program | | | <u>\$112,755</u> |
| Total Passed Through Michigan Department of Education | | | <u>\$324,946</u> |
| Passed Through Genesee Intermediate School District: | | | |
| Special Education - Grants to States | 84.027 | | |
| IDEA Flowthrough (06-07) | | 70450-0607 | 224,774 |
| IDEA Flowthrough (05-06) | | 60450-0506 | 205,278 |
| Transition Mini Grant | | 70490-TS | 729 |
| Total Special Education - Grants to States | | | <u>\$430,781</u> |
| Safe and Drug Free Schools (06-07) | 84.186 | 72860-0607 | 1,959 |
| Total Passed Through Genesee Intermediate School District | | | <u>\$432,740</u> |
| <u>TOTAL U.S. DEPARTMENT OF EDUCATION</u> | | | <u>\$757,686</u> |

| ACCRUED (DEFERRED) REVENUE JULY 1, 2006 | PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | ADJUSTMENTS PRIOR YEARS | CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED | ACCRUED (DEFERRED) REVENUE JUNE 30, 2007 |
|--|-------------------------------|---------------------------------|-------------------------------|---|---|
| \$0 | \$0 | \$102,323 | \$0 | \$88,802 | \$13,521 |
| 10,794 | 102,323 | 0 | 0 | 10,794 | 0 |
| <u>\$10,794</u> | <u>\$102,323</u> | <u>\$102,323</u> | <u>\$0</u> | <u>\$99,596</u> | <u>\$13,521</u> |
| 0 | 0 | 4,000 | 0 | 0 | 4,000 |
| 0 | 0 | 192 | 0 | 192 | 0 |
| 394 | 394 | 0 | 0 | 394 | 0 |
| <u>\$394</u> | <u>\$394</u> | <u>\$192</u> | <u>\$0</u> | <u>\$586</u> | <u>\$0</u> |
| 0 | 0 | 1,050 | 0 | 1,050 | 0 |
| 1,909 | 1,909 | 0 | 0 | 1,909 | 0 |
| <u>\$1,909</u> | <u>\$1,909</u> | <u>\$1,050</u> | <u>\$0</u> | <u>\$2,959</u> | <u>\$0</u> |
| 0 | 0 | 54,373 | 0 | 49,901 | 4,472 |
| 0 | 0 | 2,440 | 0 | 2,130 | 310 |
| 2,979 | 52,727 | 0 | 0 | 2,979 | 0 |
| <u>\$2,979</u> | <u>\$52,727</u> | <u>\$56,813</u> | <u>\$0</u> | <u>\$55,010</u> | <u>\$4,782</u> |
| <u>\$16,076</u> | <u>\$157,353</u> | <u>\$164,378</u> | <u>\$0</u> | <u>\$158,151</u> | <u>\$22,303</u> |
| 0 | 0 | 224,774 | 0 | 222,439 | 2,335 |
| 1,200 | 205,278 | 0 | 0 | 1,200 | 0 |
| 0 | 0 | 729 | 0 | 729 | 0 |
| <u>\$1,200</u> | <u>\$205,278</u> | <u>\$225,503</u> | <u>\$0</u> | <u>\$224,368</u> | <u>\$2,335</u> |
| 0 | 0 | 1,044 | 915 | 1,959 | 0 |
| <u>\$1,200</u> | <u>\$205,278</u> | <u>\$226,547</u> | <u>\$915</u> | <u>\$226,327</u> | <u>\$2,335</u> |
| \$17,276 | \$362,631 | \$390,925 | \$915 | \$384,478 | \$24,638 |

BENTLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS- THROUGH PROJECT NUMBER | PROGRAM OR AWARD AMOUNT |
|--|---------------------------|---------------------------------------|-------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Passed Through Michigan Department of Education: | | | |
| Food Distribution Program: | 10.550 | | |
| Entitlement Commodities | | N/A | \$14,713 |
| Bonus Commodities | | N/A | 363 |
| Total Food Distribution Program | | | <u>\$15,076</u> |
| National School Breakfast Program | 10.553 | N/A | 36,126 |
| National School Lunch Program | 10.555 | N/A | 107,710 |
| Special Milk Program | 10.556 | N/A | <u>360</u> |
| Total Child Nutrition Cluster | | | <u>\$144,196</u> |
| <u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u> | | | \$159,272 |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | |
| Passed Through Genesee Intermediate School District: | | | |
| WIA Title I | 17.259 | | |
| Year Round Youth Services (04-05) | | N/A | 591 |
| Year Round Youth Services (06-07) | | N/A | <u>246</u> |
| <u>TOTAL U.S. DEPARTMENT OF LABOR</u> | | | \$837 |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Passed Through Michigan State Police | | | |
| Emergency Crisis Grant Program (06-07) | 97.004 | N/A | 2,100 |
| <u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u> | | | |
| Passed Through Genesee Intermediate School District: | | | |
| Medical Assistance Program Title XIX | 93.778 | N/A | <u>4,300</u> |
| <u>TOTAL FEDERAL AWARDS</u> | | | <u><u>\$924,195</u></u> |

| <u>ACCRUED (DEFERRED) REVENUE JULY 1, 2006</u> | <u>PRIOR YEAR EXPENDITURES</u> | <u>CURRENT YEAR EXPENDITURES</u> | <u>ADJUSTMENTS PRIOR YEARS</u> | <u>CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED</u> | <u>ACCRUED (DEFERRED) REVENUE JUNE 30, 2007</u> |
|--|--|--|--|---|---|
| \$0 | \$0 | \$14,713 | \$0 | \$14,713 | \$0 |
| 0 | 0 | 363 | 0 | 363 | 0 |
| <u>\$0</u> | <u>\$0</u> | <u>\$15,076</u> | <u>\$0</u> | <u>\$15,076</u> | <u>\$0</u> |
| 0 | 0 | 36,126 | 0 | 36,126 | 0 |
| 0 | 0 | 107,710 | 0 | 107,710 | 0 |
| <u>0</u> | <u>0</u> | <u>360</u> | <u>0</u> | <u>360</u> | <u>0</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$144,196</u> | <u>\$0</u> | <u>\$144,196</u> | <u>\$0</u> |
| \$0 | \$0 | \$159,272 | \$0 | \$159,272 | \$0 |
| 591 | 591 | 0 | 0 | 591 | 0 |
| <u>0</u> | <u>0</u> | <u>246</u> | <u>0</u> | <u>246</u> | <u>0</u> |
| \$591 | \$591 | \$246 | \$0 | \$837 | \$0 |
| 0 | 0 | 2,100 | 0 | 2,100 | 0 |
| <u>0</u> | <u>0</u> | <u>4,215</u> | <u>0</u> | <u>4,215</u> | <u>0</u> |
| <u>\$17,867</u> | <u>\$363,222</u> | <u>\$556,758</u> | <u>\$915</u> | <u>\$550,902</u> | <u>\$24,638</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT - BURTON, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

\$556,758

Adjustment

915

TOTAL

\$557,673

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS

General Fund

\$398,401

School Service Fund

159,272

TOTAL

\$557,673

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.
- 4) An adjustment of \$915 was made to the Safe and Drug Free Schools grant (CFDA 84.186) due to expenses not being recorded on prior year audit report.

BENTLEY COMMUNITY SCHOOL DISTRICT - BURTON, MICHIGAN
RECONCILIATION OF FORM R 7120 "GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

| | | | |
|---|-----------|--|------------------|
| <hr/> | | | |
| Current Payments Per the Grant Section Auditor's Report (Form R 7120) | | | \$267,367 |
| Current Payments Per the Grant Section Auditor's Report Cash Management System | | | |
| Add: Title I (CFDA 84.010) | \$30,270 | | |
| Add: Improving Teacher Quality (CFDA 84.367) | 20,959 | | |
| Total | | | 51,229 |
| <u>Less:</u> State Funded Grants | | | |
| State Breakfast Program | | | (16,249) |
| <u>Add:</u> Grants Passed Through Genesee Intermediate School District: | | | |
| Special Education - Grants to States (CFDA 84.027) | \$224,368 | | |
| Safe and Drug Free Schools (CFDA 84.186) | 1,959 | | |
| WIA Title I (CFDA 17.259) | 837 | | |
| Medical Assistance Program Title XIX (CFDA 93.778) | 4,215 | | |
| Total Grants Passed Through Genesee Intermediate School District: | | | 231,379 |
| Passed Through Michigan State Police | | | |
| Emergency Crisis Grant Program (CFDA 97.004) | | | 2,100 |
| Entitlement and Bonus Commodities (CFDA 10.550) | | | 15,076 |
| <u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF</u> <u>EXPENDITURES OF FEDERAL AWARDS</u> | | | <u>\$550,902</u> |

BENTLEY COMMUNITY SCHOOL DISTRICT - BURTON, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)
10.553/10.555/10.556

Name of Federal Program or Cluster
Nutrition Cluster

Dollar threshold use to distinguish between type A and type B programs:

\$ 300,000.00

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.